EXHIBIT R1

1 KEKER & VAN NEST, LLP
   JEFFREY R. CHANIN - #103649
2 DARALYN J. DURIE - #169825
   ASIM M. BHANSALI - #194925
3 KEVIN T. REED - #240799
   710 Sansome Street
4 San Francisco, CA 94111-1704
   Telephone: (415) 391-5400
5 Facsimile: (415) 397-7188

6 Attorneys for Plaintiff
   NETFLIX, INC.

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8   UNITED STATES DISTRICT COURT

9   NORTHERN DISTRICT OF CALIFORNIA

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NETFLIX, INC., a Delaware corporation,	Case No. C 06 2361 WHA
Plaintiff,	[AMENDED] [CORRECTED] NETFLIX'S DISCLOSURE OF ASSERTED CLAIMS AND PRELIMINARY INFRINGEMENT CONTENTIONS FOR U.S. PATENT NOS. 7,024,381 AND 6,584,450
v.	
BLOCKBUSTER, INC., a Delaware corporation, DOES 1-50,	
Defendant.	Complaint filed: April 4, 2006

[AMENDED] [CORRECTED] NETFLIX'S DISCLOSURE OF ASSERTED CLAIMS AND PRELIMINARY
INFRINGEMENT CONTENTIONS FOR U.S. PATENT NOS. 7,024,381 AND 6,584,450
Case No. C 06 2361 WHA

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1   Pursuant to Patent L.R. 3-1 and 3-2, Plaintiff Netflix, Inc. ("Netflix") hereby discloses its

2   asserted claims and preliminary infringement contentions and identifies the accompanying

3   document production for U.S. Patent Nos. 7,024,381 (the "'381 Patent") and 6,584,450 (the

4   "'450 Patent").

5   **INTRODUCTION**

6   This disclosure is made solely for the purpose of this action. This disclosure is subject to

7   all objections as to competence, relevance, materiality, propriety, and admissibility, and to any

8   and all other objections on any grounds that would require the exclusion of statement contained

9   herein if such disclosure were asked of, or statements contain herein were made by, a witness

10 present and testifying in court, all of which objections and grounds are expressly reserved and

11 may be interposed at the time of trial.

12   Discovery in this matter is still at a very early stage and is ongoing. Indeed, Netflix has

13 still obtained no discovery from Defendant Blockbuster Inc. ("BBI") regarding the

14 BLOCKBUSTER Online® system, or its architecture, its implementation, or its operating

15 software, hardware and other. Netflix's investigation regarding past and present grounds of

16 infringement is ongoing.

17   Netflix's disclosure is given without prejudice to Netflix's right to add to, supplement,

18 amend, or modify its disclosure as additional facts are ascertained, analyses are made, research is

19 completed, and claims are construed. Netflix's disclosure is not and cannot be complete at this

20 time and is subject to revision.

21   **PRELIMINARY INFRINGEMENT CONTENTIONS FOR**

22   **U.S. PATENT NOS. 7,024,381 AND 6,584,450**

23   Netflix's Preliminary Infringement Contentions pursuant to Patent L.R. 3-1(a)-(c) for the

24 '381 Patent and the '450 Patent are provided respectively as Exhibits A and B, wherein each

25 claim that is allegedly infringed is identified [hereinafter "asserted claims"].

26   Pursuant to Patent L.R. 3-1(d), Netflix contends that each element of each asserted claim

27 listed in Exhibits A and B is literally present in the Accused Methods or Systems based upon the

28 information known to Netflix as of this date. Netflix reserves the right to assert infringement

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1   under the doctrine of equivalents after further discovery of BLOCKBUSTER Online®'s

2   methods and systems, and after claims are construed.

3   Pursuant to Patent L.R. 3-1(e), Netflix contends that the asserted claims of the '381 and

4   '450 Patents are entitled to a priority date of at least as early as July 20, 1999.

5   Wishing to preserve its right to rely on the assertion that its own methods and systems

6   practice the claimed invention pursuant to Patent L.R. 3-1(f), Netflix discloses that it practices

7   each asserted claim in both the '391 and '450 Patents.

8   **NETFLIX'S DISCLOSURE OF DOCUMENTS**

9   Pursuant to Patent L.R. 3-2(a), Netflix has identified documents Bates Nos.

10   NFLIX0018740 through NFLIX0018796. Pursuant to Patent L.R. 3-2(b), Netflix has identified

11   documents Bates Nos. NFLIX0018797 through NFLIX0020927. Pursuant to Patent L.R. 3-2(c),

12   Netflix has produced documents Bates Nos. NFLIX0000001 through NFLIX00002517.

13   Discovery in this matter is still at an early stage and is ongoing. Consequently, Netflix

14   continues to investigate the facts relating to this action. Netflix anticipates that, as this action

15   proceeds, further documents may be discovered, or their significance better understood, and

16   Netflix reserves the right to modify, amend, and/or supplement its responses with such pertinent

17   documents.

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19   Dated: July 28, 2006   KEKER & VAN NEST, LLP

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22   By: /s/ Daralyn Durie
                                               DARALYN DURIE
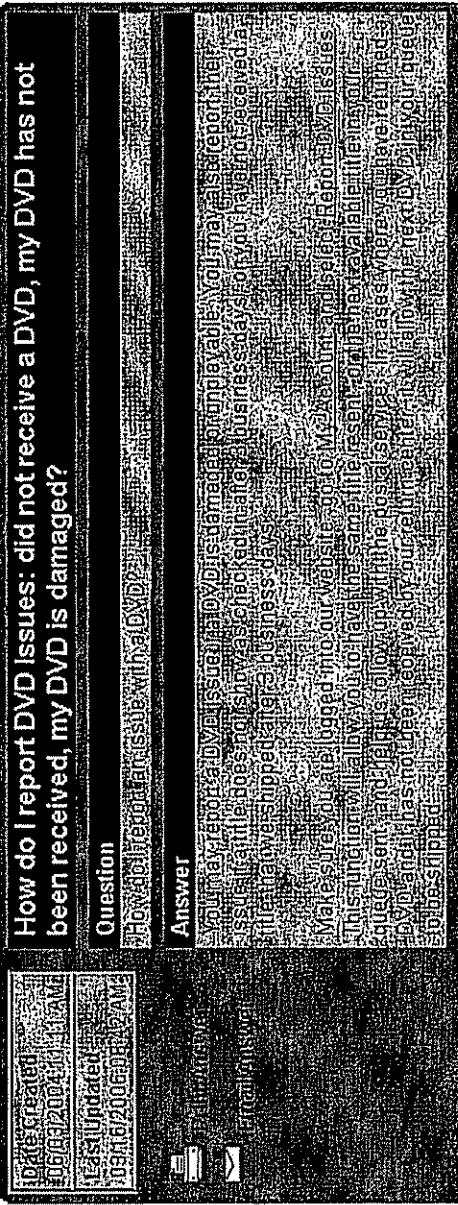   Attorneys for Plaintiff
23   NETFLIX, INC.

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[AMENDED] [CORRECTED] NETFLIX'S DISCLOSURE OF ASSERTED CLAIMS AND PRELIMINARY
INFRINGEMENT CONTENTIONS FOR U.S. PATENT NOS. 7,024,381 AND 6,584,450
Case No. C 06 2361 WHA

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EXHIBIT A

U.S. PATENT NO. 7,024,381

CLAIM LANGUAGE	ACCUSED METHODS/SYSTEMS
1. A computer-implemented method for renting movies to customers, the method comprising:	1. BLOCKBUSTER Online® (the accused instrumentality) employs a computer-implemented method for renting movies to customers. *See* www.blockbuster.com
providing electronic digital information that causes one or more attributes of movies to be displayed;	1a. BLOCKBUSTER Online® provides electronic digital information that causes one or more attributes of movies to be displayed to the customer. **How does the search feature work?** Question Answer Date Created ... 06/03/2004 05:06 PM Last Updated ... 09/15/2005 08:17 AM **What is the function of the Actors & Directors tab?** Question Answer Date Created ... 10/08/2004 04:21 PM Last Updated ... 06/27/2005 05:51 PM "Frequently Asked Questions," *at* http://blockbuster.custhelp.com/cgi-bin/blockbuster.cfg/php/enduser/std_alp.php? 1b. From electronic digital information received over the Internet, BLOCKBUSTER Online® establishes an
establishing, in electronic digital form,	

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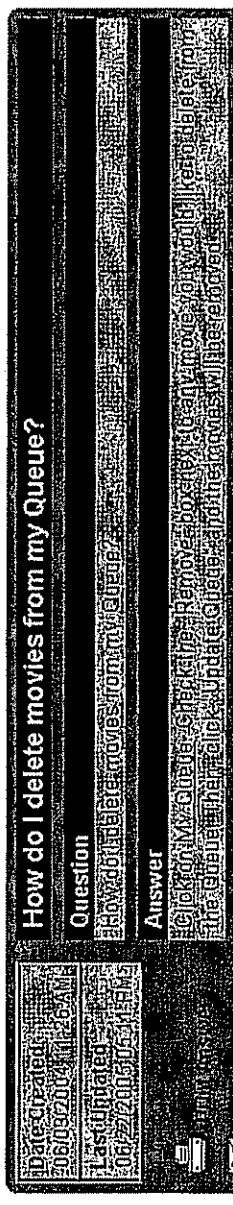| CLAIM LANGUAGE	ACCUSED METHODS/SYSTEMS
from electronic digital information received over the Internet, a movie rental queue associated with a customer comprising an ordered list indicating two or more movies for renting to the customer;	electronic movie rental queue, associated with a customer, that displays an ordered list indicating two or more movies to be rented to the customer. "Frequently Asked Questions," *at* http://blockbuster.custhelp.com/cgi-bin/blockbuster.cfg/php/enduser/std_alp.php?
causing to be delivered to the customer up to a specified number of movies based upon the order of the list;	1c. BLOCKBUSTER Online® causes to be delivered to the customer up to a specified number of movies based upon the order of the list. "BLOCKBUSTER Online® will automatically ship titles to a [customer] up to a [customer's] maximum number of outstanding BLOCKBUSTER Online® Rentals, from and in the order that [customers] have listed in [their] rental queue, subject to availability." Selection and Allocation of Product, BLOCKBUSTER Online® RENTAL TERMS AND CONDITIONS
in response to one or more delivery criteria being satisfied, selecting another movie based upon the order of the list and causing the selected movie to be delivered to the customer, and	1d. In response to delivery criteria being satisfied (e.g. receipt of a movie, report of an issue with a DVD, or the occurrence of a specified date), BLOCKBUSTER Online® selects another movie based on the order of the list and causes that selected movie to be delivered to the customer. **Unlimited DVD Rentals** For only $17.99 a month (plus taxes) you can rent all the movies you want. Have up to 3 DVDs out at a time. Keep the DVDs as long as you want. When you're done with a DVD, just send it back in the provided postage paid envelope. We'll send you another selection from your rental queue. Keep your queue full and keep the movies coming. "How it Works", at http://www.blockbuster.com/homepages/displayPage.action?channel1=Sign+In+Sign+Up&channel2=findoutmore&nav=false&cctr=homehowitworks

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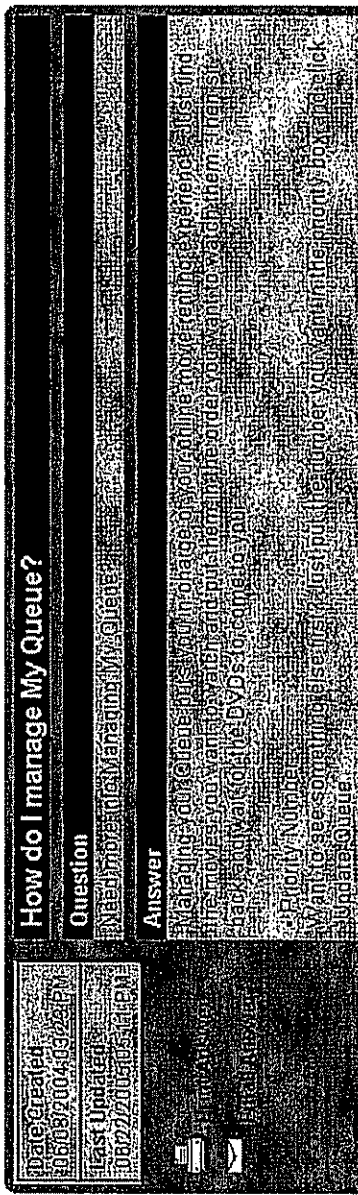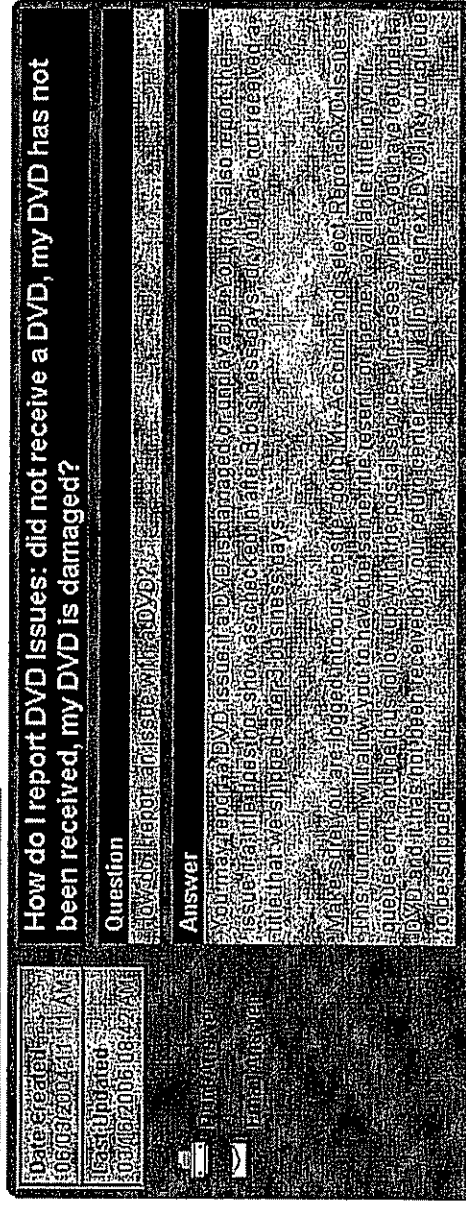| CLAIM LANGUAGE	ACCUSED VIDEO PRODUCTS SYSTEMS
in response to other electronic digital information received from the customer over the Internet, electronically updating the movie rental queue.	**How do I report DVD Issues: did not receive a DVD, my DVD has not been received, my DVD is damaged?** "Frequently Asked Questions," *at* http://blockbuster.custhelp.com/cgi-bin/blockbuster.cfg/php/enduser/std_alp.php? 1e. In response to electronic digital information received from the customer over the Internet, BLOCKBUSTER Online® electronically updates the movie rental queue.
2. A computer-implemented method as recited in Claim 1, wherein updating the movie rental queue comprises changing the order of the two or more movies for renting to the customer.	**How do I re-order the movies within my Queue?** "Frequently Asked Questions," *at* http://blockbuster.custhelp.com/cgi-bin/blockbuster.cfg/php/enduser/std_alp.php? 2. In response to electronic digital information received from the customer over the Internet, BLOCKBUSTER Online® updates the movie rental queue by changing the order of movies contained within the movie rental queue.

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CLAIM LANGUAGE	ACCUSED METHODS/SYSTEMS
3. A computer-implemented method as recited in Claim 1, wherein updating the movie rental queue comprises indicating an additional movie in the ordered list.	**How do I re-order the movies within my Queue?** Question [illegible] Answer [illegible] "Frequently Asked Questions," *at* http://blockbuster.custhelp.com/cgi-bin/blockbuster.cfg/php/enduser/std_alp.php? 3. In response to electronic digital information received from the customer over the Internet, BLOCKBUSTER Online® updates the movie rental queue by adding an additional movie to the movie rental queue.
4. A computer-implemented method as recited in Claim 1, wherein updating the movie rental queue comprises removing an indication of one or more of the movies from the ordered list.	**How do I add movies to my Queue?** Question [illegible] Answer [illegible] "Frequently Asked Questions," *at* http://blockbuster.custhelp.com/cgi-bin/blockbuster.cfg/php/enduser/std_alp.php? 4. In response to electronic digital information received from the customer over the Internet, BLOCKBUSTER Online® updates the movie rental queue by removing one or more movies from the movie rental queue. **How do I delete movies from my Queue?** Question [illegible] Answer [illegible] "Frequently Asked Questions," *at* http://blockbuster.custhelp.com/cgi-bin/blockbuster.cfg/php/enduser/std_alp.php?

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CLAIM LANGUAGE	ACCUSED METHODS/SYSTEMS
5. A computer-implemented method as recited in Claim 1, wherein the two or more movies for renting to the customer are selected by the customer.	5. Customers select the two or more movies to be rented to the customer. **How do I manage My Queue?** Question Answer "Frequently Asked Questions," *at* http://blockbuster.custhelp.com/cgi-bin/blockbuster.cfg/php/enduser/std_alp.php?
6. A computer-implemented method as recited in Claim 1, further comprising determining the order of the two or more movies based upon one or more preferences of the customer.	6. Customers can determine the order of the two or more movies in their movie rental queue by using their priority boxes. **How do I add movies to my Queue?** Question Answer **How do I re-order the movies within my Queue?** Question Answer "Frequently Asked Questions," *at* http://blockbuster.custhelp.com/cgi-

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CLAIM LANGUAGE	ACCUSED METHODS/SYSTEMS
	bin/blockbuster.cfg/php/enduser/std_alp.php?
7. A computer-implemented method as recited in Claim 1, wherein the delivery of the selected movie comprises delivery by mail.	7. BLOCKBUSTER Online® provides that "delivery and return of your BLOCKBUSTER Online Rentals will be via U.S. Postal Service ("USPS")." **Delivery and Return of Rented DVDs, BLOCKBUSTER Online® RENTAL TERMS AND CONDITIONS**
8. A computer-implemented method as recited in Claim 1, wherein the delivery of the selected movie comprises delivery by mail on one or more optical media.	8. BLOCKBUSTER Online® ships optical media (i.e. DVDs) "via U.S. Postal Service ("USPS")." **Delivery and Return of Rented DVDs, BLOCKBUSTER Online® RENTAL TERMS AND CONDITIONS**
9. A computer-implemented method as recited in Claim 1, wherein the delivery criteria comprises receipt of the movie by mail.	9. Receipt of a returned movie by mail is a delivery criteria. **Unlimited DVD Rentals** For only $17.99 a month (plus taxes) you can rent all the movies you want. Have up to 3 DVDs out at a time. Keep the DVDs as long as you want. When you're done with a DVD, just send it back in the provided postage paid envelope. We'll send you another selection from your rental queue. Keep your queue full and keep the movies coming. "How it Works", at http://www.blockbuster.com/homepages/displayPage.action?channel=Sign+In+Sign+Up&channel2=findoutmor e&nav=false&cctr=homehowitworks How do I report DVD issues: did not receive a DVD, my DVD has not been received, my DVD is damaged? "Frequently Asked Questions," *at* http://blockbuster.custhelp.com/cgi-bin/blockbuster.cfg/php/enduser/std_alp.php?

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CLAIM LANGUAGE	ACCUSED METHODS/SYSTEMS
10. A computer-implemented method as recited in Claim 1, wherein a number of movies delivered to the customer and not yet returned does not exceed the specified number.	10. BLOCKBUSTER Online® requires that that the number of movies delivered to the customer and not yet returned does not exceed the specified number of outstanding rentals allowed. "If you have the maximum number of BLOCKBUSTER Online Rentals allowed by your plan checked out, no additional movies will be shipped until you return one or more of the BLOCKBUSTER Online Rentals." **Selection and Allocation of Product, BLOCKBUSTER Online® RENTAL TERMS AND CONDITIONS**
11. A method as recited in claim 1, wherein the other electronic digital information indicates one or more delivery criteria being satisfied.	11. In response to an indication that one or more delivery criteria has been satisfied (e.g. problem notifications that a DVD is damaged, unplayable, or never received), BLOCKBUSTER Online® electronically updates the movie rental queue. **How do I report DVD Issues: did not receive a DVD, my DVD has not been received, my DVD is damaged?** Question Answer "Frequently Asked Questions," *at* http://blockbuster.custhelp.com/cgi-bin/blockbuster.cfg/php/enduser/std_alp.php?
12. A method as recited in claim 1, wherein the other electronic digital information comprises one or more selection criteria.	12. In response to receiving one or more selection criteria (e.g. an additional selected DVD title), BLOCKBUSTER Online® electronically updates the movie rental queue.

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CLAIM LANGUAGE	ACCUSED METHODS/SYSTEMS
	How do I add movies to my Queue? **Question** How do I add movie to my Queue? **Answer** [obscured text] "Frequently Asked Questions," *at* http://blockbuster.custhelp.com/cgi-bin/blockbuster.cfg/php/enduser/std_alp.php?
13. A method as recited in claim 1, wherein the movies comprise any of motion pictures, television series, documentaries, cartoons, music videos, video recordings of concert performances, instructional programs, and educational programs.	13. BLOCKBUSTER Online® offer a wide array of movie genres to rent. **More Than 50,000 Titles, Including New Releases** Our online DVD library has more than 50,000 titles, and it's growing every week. You'll find classic cinema, modern favorites, television shows, children's programming, health and fitness workouts, and, of course, the hottest new releases you've come to expect from BLOCKBUSTER. *See* "How it Works", *at* http://www.blockbuster.com/homepages/displayPage.action?channel1=Sign+In+Sign+Up&channel2=findoutmore&nav=false&cctr=homehowitworks
14. A computer-implemented method for renting movies to customers, the method comprising:	14. *See* Contention 1.
providing electronic digital information that causes one or more attributes of movies to be displayed;	14a. *See* Contention 1a.
establishing, in electronic digital form, from electronic digital information received over the Internet, a movie rental queue associated with a customer comprising an ordered list indicating two or more movies for renting to the customer;	14b. *See* Contention 1b.
causing to be delivered to the customer up to a specified number of movies based upon the order of the list, wherein the	14c. BLOCKBUSTER Online® does not require the customer to return the movies within a specified time associated with delivery.

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CLAIM LANGUAGE	ACCUSED METHODS/SYSTEMS
customer is not required to return the movies within a specified time associated with delivery;	"You may keep BLOCKBUSTER Online Rentals as long as you choose during your Membership Term, for no charge other than the applicable periodic [membership fee]." **Membership Plans**, BLOCKBUSTER Online® RENTAL TERMS AND CONDITIONS **No Return Dates** BLOCKBUSTER Online® rental members can keep DVDs out as long as they want. There are never any due dates. Watch the DVD when it's convenient for you and send it back only when you are ready for a new selection. See "How it Works", at http://www.blockbuster.com/homepages/displayPage.action?channel1=Sign+In+Sign+Up&channel2=findoutmore&nav=false&cctr=homehowitworks
in response to one or more delivery criteria being satisfied, selecting another movie based upon the order of the list and causing the selected movie to be delivered to the customer; and	14d. *See* Contention 1d.
in response to other electronic digital information received from the customer over the Internet, electronically updating the movie rental queue.	14e. *See* Contention 1e.
15. A computer-implemented method as recited in Claim 14, wherein updating the movie rental queue comprises changing the order of the two or more movies for renting to the customer.	15. *See* Contention 2.
16. A computer-implemented method as recited in Claim 14, wherein updating the movie rental queue comprises indicating an additional movie in the ordered list.	16. *See* Contention 3.
17. A computer-implemented method as recited in Claim 14, wherein updating the movie rental queue comprises removing an indication of one or more of the movies from the ordered list.	17. *See* Contention 4.
18. A computer-implemented method as recited in Claim 14, wherein the two or	18. *See* Contention 5.

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CLAIM LANGUAGE	ACCUSED METHODS/SYSTEMS
more movies for renting to the customer are selected by the customer.	
19. A computer-implemented method as recited in Claim 14, further comprising determining the order of the two or more movies based upon one or more preferences of the customer.	19. *See* Contention 6.
20. A computer-implemented method as recited in Claim 14, wherein the delivery of the selected movie comprises delivery by mail.	20. *See* Contention 7.
21. A computer-implemented method as recited in Claim 14, wherein the delivery of the selected movie comprises delivery by mail on one or more optical media.	21. *See* Contention 8.
22. A computer-implemented method as recited in Claim 14, wherein the delivery criteria comprises receipt of the movie by mail.	22. *See* Contention 9.
23. A computer-implemented method as recited in Claim 14, wherein a number of movies delivered to the customer and not yet returned does not exceed the specified number.	23. *See* Contention 10.
24. A computer-implemented method for renting movies to customers, the method comprising:	24. *See* Contention 1.
providing electronic digital information that causes one or more attributes of movies to be displayed;	24a. *See* Contention 1a.
establishing, in electronic digital form, from electronic digital information received over the Internet, a movie rental queue associated with a customer comprising an ordered list indicating two	24b. *See* Contention 1b.

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CLAIM LANGUAGE	ACCUSED METHODS/SYSTEMS
or more movies for renting to the customer;	
causing to be delivered to the customer up to a specified number of movies based upon the order of the list, wherein the customer is not charged a fee for retaining one or more movies beyond a specified time associated with delivery;	24c. BLOCKBUSTER Online® does not a fee for retaining one of more movies beyond a specified time associated with delivery beyond the applicable monthly subscription rate. "You may keep BLOCKBUSTER Online Rentals as long as you choose during your Membership Term, for no charge other than the applicable periodic [membership fee]." **Membership Plans**, BLOCKBUSTER Online® RENTAL TERMS AND CONDITIONS **No Extended Viewing Fees or Late Fees** As a BLOCKBUSTER Online® rental member, you pay a flat monthly rate. There are no extended viewing fees or late fees on DVDs rented online. See "How it Works", *at* http://www.blockbuster.com/homepages/displayPage.action?channel1=Sign+In+Sign+Up&channel2=findoutmore&nav=false&cctr=homehowitworks
in response to one or more delivery criteria being satisfied, selecting another movie based upon the order of the list and causing the selected movie to be delivered to the customer; and	24d. *See* Contention 1d.
in response to other electronic digital information received from the customer over the Internet, electronically updating the movie rental queue.	24e. *See* Contention 1e.
25. A computer-implemented method as recited in Claim 24, wherein updating the movie rental queue comprises changing the order of the two or more movies for renting to the customer.	25. *See* Contention 2.
26. A computer-implemented method as recited in Claim 24, wherein updating the movie rental queue comprises indicating an additional movie in the ordered list.	26. *See* Contention 3.
27. A computer-implemented method as recited in Claim 24, wherein updating the	27. *See* Contention 4.

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CLAIM LANGUAGE	ACCUSED METHODS/SYSTEMS
movie rental queue comprises removing an indication of one or more of the movies from the ordered list.	
28. A computer-implemented method as recited in Claim 24, wherein the two or more movies for renting to the customer are selected by the customer.	28. *See* Contention 5.
29. A computer-implemented method as recited in Claim 24, further comprising determining the order of the two or more movies based upon one or more preferences of the customer.	29. *See* Contention 6.
30. A computer-implemented method as recited in Claim 24, wherein the delivery of the selected movie comprises delivery by mail.	30. *See* Contention 7.
31. A computer-implemented method as recited in Claim 24, wherein the delivery of the selected movie comprises delivery by mail on one or more optical media.	31. *See* Contention 8.
32. A computer-implemented method as recited in Claim 24, wherein the delivery criteria comprises receipt of the movie by mail	32. *See* Contention 9.
33. A computer-implemented method as recited in Claim 24, wherein a number of movies delivered to the customer and not yet returned does not exceed the specified number.	33. *See* Contention 10.
34. A computer-implemented method for renting movies to customers, the method comprising:	34. *See* Contention 1.

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